

NEW STAR INVESTMENT TRUST PLC

This announcement constitutes regulated information.

UNAUDITED RESULTS

FOR THE YEAR ENDED 30TH JUNE 2019

New Star Investment Trust plc (the 'Company'), whose objective is to achieve long-term capital growth, announces its consolidated results for the year ended 30th June 2019.

FINANCIAL HIGHLIGHTS

	30th June 2019	30th June 2018	% Change
PERFORMANCE			
Net assets (£ '000)	113,971	111,366	2.34
Net asset value per Ordinary share	160.47p	156.80p	2.34
Mid-market price per Ordinary share	111.00p	113.00p	-1.77
Discount of price to net asset value	30.83%	27.9%	n/a
Total Return*	2.98%	6.5%	n/a
IA Mixed Investment 40% - 85% Shares (total return)	3.66%	4.9%	n/a
MSCI AC World Index (total return, sterling adjusted)	10.30%	9.5%	n/a
MSCI UK Index (total return)	1.68%	8.3%	n/a
	1st July 2018 to 30th June 2019	1st July 2017 to 30th June 2018	
Revenue return per Ordinary share	1.81p	1.17p	
Capital return per share	<u>2.86p</u>	<u>8.51p</u>	
Return per Ordinary share	4.67p	9.68p	
TOTAL RETURN*	2.98%	6.5%	
PROPOSED DIVIDEND PER ORDINARY SHARE	1.40p	1.00p	

* The total return figure for the Group represents the revenue and capital return shown in the consolidated statement of Comprehensive income plus dividends paid (the Alternative performance measure).

CHAIRMAN'S STATEMENT

PERFORMANCE

Your Company's net asset value (NAV) total return was 3.0% over the year to 30th June 2019. This took the year-end NAV per ordinary share to 160.47p. By comparison, the Investment Association's Mixed Investment 40-85% Shares index gained 3.7%. Your Directors believe this benchmark is appropriate because your Company has, since inception, been invested in a broad range of asset classes. In a volatile year, global equity markets generated positive returns although European and Asian equities underperformed US equities as a result of escalating trade tensions, slowing economic growth and fears about the consequences of a "no deal" Brexit. The MSCI AC World Total Return and MSCI UK Total Return Indices gained 10.3% and 1.7% respectively while UK government bonds returned 5.2%. Further information is provided in the investment manager's report.

EARNINGS AND DIVIDEND

The revenue return for the year was 1.81p per share (2018: 1.17p). This represents a substantial increase. Your directors do not envisage increases of a similar magnitude in subsequent years. A performance fee of 0.58p per share (2018: nil) was deducted from capital.

Your Company has a revenue surplus in its retained revenue reserve, enabling it to pay a dividend. Your directors recommend the payment of a final dividend in respect of the year of 1.4p per share (2018: 1.0p).

OUTLOOK

Global economic growth slowed during 2019, with manufacturing suffering more than services as a result of trade disputes and rising tariffs. The US is seeking to maintain its technological supremacy so there may not be an early end to its trade dispute with China. This may have a significant effect on eurozone and Asian exporters while Brexit uncertainties may continue to affect UK commercial and consumer confidence.

The decline in long-term bond yields relative to short-term bond yields shows that investors fear the onset of recession. Major central banks have sought to counter slowing economic growth through monetary easing but, after a decade of such measures, further easing may prove to be less of a stimulus than in the past. Your Company reduced its equity holdings over the year and increased its holdings in cash. Investments in dollars, gold equities and lower-risk multi-asset funds provide diversification and potentially some protection if equity markets weaken.

CASH AND BORROWINGS

Your Company has no borrowings and ended its financial year with cash representing 18.1% of its net asset value. Your Company is likely to maintain a significant cash position.

The Company is a small registered Alternative Investment Fund Manager under the European Union directive. The Company's assets now exceed the threshold of €100 million. As a result, should it wish to borrow it would require a change in regulatory permissions.

DISCOUNT

During the year, your Company's shares continued to trade at a significant discount to their NAV. The Board keeps this issue under review.

ANNUAL MEETING

The Annual General Meeting will be held on Thursday, 14th November 2019 at 11am.

NET ASSET VALUE

Your Company's unaudited net asset value per share at 31st August 2019 was 162.91p.

INVESTMENT MANAGER'S REPORT

MARKET REVIEW

US monetary policy reached a watershed moment during your Company's financial year. Starting in December 2015, the Federal Reserve had tightened monetary policy through successive interest rate increases and some reduction of its swollen balance sheet, culminating in December 2018, when the Fed funds target rate rose to 2.25-2.50%. Global equities fell 10.57% in sterling over the final quarter of 2018, more than erasing the previous quarter's gains because investors feared overly-restrictive monetary policy might choke off economic growth. In a significant volte-face, however, the Fed chairman, Jerome Powell, retreated from earlier hawkish comments that interest rates were "a long way" from neutral, saying rates were "close to" neutral. Confidence returned following the Fed's U-turn, with global equities gaining 16.68% in sterling in the six months to 30th June 2019 to end a volatile year up 10.30%. US equities outperformed, rising 14.54% in sterling, but European and Asian equities underperformed.

Safe-haven assets were in demand as economic prospects deteriorated. Global bonds rose 9.80% in sterling while UK government bonds and sterling corporate bonds rose 5.23% and 6.83% respectively. The yield on 10-year US treasury bonds fell from 2.85% to 2.20%, with investors looking forward to US interest rate cuts. Gold rose 16.25% in sterling as the decline in bond yields reduced the opportunity cost of holding this nil-yielding commodity and investors sought safety from the potential debasement of some major currencies through monetary easing.

The Fed changed tack because of slowing economic growth and below-target inflation. US gross domestic product (GDP) rose 3.1% in 2018 but the rate slowed to 2.2% in the final quarter as the impact of fiscal stimulus and increased public sector spending faded. In August 2019, the Fed forecast growth of 2.1% for 2019. The narrowing difference between short-dated and long-dated US bond yields led some forecasters to be more pessimistic, fearing a recession might be approaching.

In August, shortly after your Company's year end, the 10-year US treasury bond yield fell below the two-year yield. This so-called "yield inversion" has preceded every US recession in the last 40 years although some months have typically elapsed between the inversion and the onset of recession. US leading indicators for manufacturing and non-manufacturing sectors weakened in the first eight months of 2019 and the manufacturing leading indicator dipped to a level that implied output might fall. Consumer spending, however, proved resilient as a result of low unemployment. Employment data tend, however, to be lagging indicators. In August, the Sino-US trade dispute escalated as both sides increased tariffs. US tariffs have gained bipartisan support and are likely to become an established feature of US trade policy, reducing the scope for an economic boost if the impasse is resolved.

UK GDP expanded 0.5% quarter-on-quarter in the first quarter of 2019. GDP did, however, fall 0.2% quarter-on-quarter in the second quarter, according to the first estimate, probably as a result of activity having been brought forward into the first quarter ahead of the first Brexit deadline of 29th March. UK household spending continued to grow steadily but leading indicators deteriorated and the potential disruption from a no-deal Brexit may tip the UK into recession. Brexit-risks overshadowed UK equities, rising only 1.68% over the year under review. UK smaller companies did worse, falling 5.36% because they tend to be more reliant on domestic earnings than larger companies, whose export and overseas businesses

benefitted from sterling weakness. In response to the increased likelihood of a no-deal Brexit, sterling fell 3.60% and 6.23% respectively against the dollar and yen.

Equities in Europe excluding UK rose only 8.18% in sterling over the year. Eurozone manufacturers suffered from worsening global economic prospects and the impact of trade disputes and tariffs. German GDP fell in the third quarter of 2018 and the second quarter of 2019 as the manufacturing sector contracted. In June, German industrial production fell 1.5% on the previous month, leaving it down 5.20% over 12 months as vehicle production was hit particularly hard.

Over the summer of 2019, investors expected the European Central Bank (ECB) to ease monetary policy later this year. The scope for interest rate cuts may be limited, however, because the ECB's deposit rate ended your Company's year at -0.40%. Banks have typically refrained from passing on the negative deposit rate to retail customers, reducing their profits. Further cuts may be no more effective in encouraging bank lending so the ECB may resort to more bond buying, the previous programme having ended in 2018. As a result of recent falls in bond yields, however, many Europe excluding UK sovereign bonds were already trading on negative yields over the summer and the ECB may encounter liquidity constraints.

During the year, equities in Asia excluding Japan and emerging markets returned 3.55% and 5.40% respectively in sterling, held back by trade disputes, with China, down 3.06% in sterling, particularly badly affected. Chinese economic growth slowed as weak export demand was only partially offset by increased infrastructure spending. Additional policy support may, however, be forthcoming if trade talks stall. After the year-end, the renminbi fell against the dollar, prompting the US to designate China a currency manipulator. Renminbi-weakness generated fears of deflation in August 2015 and January 2016, leading to sharp falls in some risky assets.

Within emerging markets, returns diverged widely. While Chinese equities fell, Indian stocks rose 11.97% in sterling. The prime minister, Narendra Modi, won a second term while the 16.15% oil price fall in sterling terms benefitted India as an oil-importing economy. Russian equities rose 33.11% in sterling as investors' fears of further sanctions proved unfounded for now.

PORTFOLIO REVIEW

The total return of the Company was 2.98% for the year under review. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index, which measures a peer group of funds with a multi-asset approach to investing and a typical investment in global equities in the 40-85% range, rose 3.66%.

The main reason for your Company's marginal underperformance relative to the IA Mixed Investment 40-85% Shares Index was its relative lack of exposure to Wall Street during a year in which US stocks outperformed. Your company's largest holding, Fundsmith Equity, did, however, have the majority of its assets in US stocks as did Polar Capital Technology. Both outperformed the returns from US stocks, rising 18.48% and 16.03% respectively. Fundsmith Equity holds a concentrated portfolio of large companies held for the longer term. Its focus is on resilient companies with high returns on capital employed and strong business models that are difficult for competitors to replicate. This means future profits and cash flows are relatively easy to predict.

Companies with these characteristics, regarded as "bond proxies", have typically performed well since the credit crisis in an environment of steady growth and low inflation. Many consumer staples companies such as Philip Morris and Pepsico, which are among the top 10 holdings in Fundsmith's portfolio, meet these criteria. In July 2019, the portfolio's largest sector allocation was, however, technology, with Microsoft and

Facebook among the top 10 holdings. Both stocks are also top-10 holdings in Polar Capital Technology. Your Company's Fundsmith Equity holding increased in August 2018 while profits were taken in Polar Capital Global Technology in September 2018.

By contrast with Fundsmith Equity, Artemis Global Income, which has a value investment style, underperformed, falling 3.45% over the year. Its largest holdings were in financial stocks, which were relatively weak because the flattening yield curve damaged the profits of banks, which typically borrow at lower short-term rates and lend for longer periods at higher rates. Artemis Global Income does, however, have an above-average yield because of its value bias, contributing to your Company's ability to pay dividends. Value stocks have typically been out of favour since the credit crisis and the valuation gulf widened over the year. Value stocks may, however, outperform strongly should the macroeconomic outlook change in their favour while delivering an attractive income in the meantime.

Aberforth Split Level Income, which invests in UK smaller companies and has a value investment style, fell 18.42%, dragged down by fears of a "bad Brexit", the greater sensitivity of smaller companies to the domestic UK economy and investors' disenchantment with value investing. UK smaller companies did, however, appear oversold over the summer of 2019 as a result of investors' Brexit concerns while sterling's weakness may increase their attractions to overseas investors.

Man GLG UK Income and Schroder Income fell 0.30% and 4.72% respectively as a result of their bias towards value stocks although yields in excess of 5% contributed significantly to your Company's ability to pay an increased dividend. Trojan Income outperformed, however, rising 4.18% partly because of its bias towards defensive consumer goods companies such as Unilever.

BlackRock Continental European Income was the best performer amongst the investments in Europe excluding UK equities, rising 7.60%. FP Crux European Special Situations, up 1.40%, remained amongst your Company's top 10 holdings although profit-taking through sales in August and October 2018 realised more than half of the investment. Standard Life European Equity Income returned 1.39%.

Among the Asian and emerging markets holdings, the HSBC Russia Capped exchange-traded fund gained 32.29% as it benefitted from Russian equity strength. Russian holdings also enhanced the returns from JP Morgan Emerging Markets Income, up 14.45%, while Liontrust Asia Income also outperformed, rising 4.62%. Stewart Investors Indian Subcontinent underperformed, however, up only 1.65% because of its cautious approach during a period of high local equity valuations.

Your company has diversified risk through investments in gold equities, dollar cash and lower-risk multi-asset funds. Gold price strength fuelled the 20.54% gain from BlackRock Gold & General. Your company also benefited from dollar strength through Trojan and EF Brompton Global Conservative, which both had significant dollar holdings in their multi-asset portfolios. Trojan and EF Brompton Global Conservative gained 4.15% and 2.87% respectively.

During the year, your Company modestly increased investment in three private companies, which have the potential to add an uncorrelated source of return. The unquoted portfolio increased by more than £1 million after allowing for sales and purchases. The investment in Embark, your Company's largest unquoted investment, increased and the valuation has been written up in response to the terms of a capital raising.

OUTLOOK

Global economic growth slowed over the summer of 2019, affected by US monetary tightening in previous years and the fading of the impact of President Trump's fiscal stimulus. The manufacturing sector was suffering more than services as trade woes exacerbated worsening global economic conditions. In the US, bipartisan support for tariffs aimed at Chinese exports mean there may be no easy resolution of trade disputes as the US seeks to maintain technological supremacy in key sectors such as information technology and communications. The eurozone and some emerging markets were more severely affected because of their dependence on exports while the UK appeared vulnerable to a no-deal Brexit.

The flattening yield curve may imply a recession is approaching. The Federal Reserve and some other major central banks have been seeking to mitigate the impact of slowing growth through monetary easing. These policies may, however, prove less effective than previously after more than a decade of such measures. Your Company reduced the allocation to global equities over the year and increased its investment in dollar cash. Investments in dollar cash, gold equities and low-risk multi-asset funds provide diversification and potentially some protection should equities fall. Investments in a small number of private companies offer the potential for uncorrelated returns.

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2019

Holding	Activity	Bid-market value £ '000	Percentage of net assets
Fundsmith Equity Fund	Investment Fund	7,839	6.88
Embark Group	Unquoted Investment	5,942	5.21
Polar Capital- Global Technology Fund	Investment Fund	5,280	4.63
FP Crux European Special Situations Fund	Investment Fund	5,098	4.47
Schroder Income Fund	Investment Fund	4,795	4.21
EF Brompton Global Conservative Fund	Investment Fund	4,222	3.71
Artemis Global Income Fund	Investment Fund	3,856	3.38
BlackRock Continental European Income Fund	Investment Fund	3,794	3.33
Aberforth Split Level Income Trust	Investment Company	3,747	3.29
Aquilus Inflection Fund	Investment Fund	3,698	3.25
BlackRock Gold & General Fund	Investment Fund	3,470	3.04
Lindsell Train Japanese Equity Fund	Investment Fund	3,144	2.76
EF Brompton Global Equity Fund	Investment Fund	2,846	2.50
EF Brompton Global Opportunities Fund	Investment Fund	2,840	2.49
Man GLG UK Income Fund	Investment Fund	2,767	2.43
Liontrust Asia Income Fund	Investment Fund	2,763	2.42
First State Indian Subcontinent Fund	Investment Fund	2,750	2.41
EF Brompton Global Growth Fund	Investment Fund	2,694	2.36
MI Brompton UK Recovery Unit Trust	Investment Fund	2,669	2.34
Trojan Income Fund	Investment Fund	2,379	2.09
		<hr/> 76,593	<hr/> 67.20
Balance not held in 20 investments above		17,189	15.08
Total investments (excluding cash)		<hr/> 93,782	<hr/> 82.28
Cash		20,605	18.08
Other net current assets		<hr/> (416)	<hr/> (0.36)
Net assets		<hr/> <hr/> 113,971	<hr/> <hr/> 100.00

The investment portfolio, excluding cash, can be further analysed as follows:

	£ '000
Investment funds	78,453
Investment companies and exchange traded funds	7,133
Unquoted investments	7,386
Other quoted investments	810
	<hr/> 93,782

SCHEDULE OF TWENTY LARGEST INVESTMENTS AT 30TH JUNE 2018

Holding	Activity	Bid-market value £ '000	Percentage of net assets
FP Crux European Special Situations Fund	Investment Fund	11,237	10.09
Polar Capital - Global Technology Fund	Investment Fund	5,473	4.91
Schroder Income Fund	Investment Fund	5,242	4.71
Fundsmith Equity Fund	Investment Fund	5,191	4.66
Aberforth Split Level Income Trust	Investment Company	4,859	4.36
Artemis Global Income Fund	Investment Fund	4,120	3.70
EF Brompton Global Conservative Fund	Investment Fund	4,105	3.69
BlackRock Continental European Income Fund	Investment Fund	3,699	3.32
Aquilus Inflection Fund	Investment Fund	3,562	3.20
Lindsell Train Japanese Equity Fund	Investment Fund	3,312	2.97
Embark Group	Unquoted Investment	3,268	2.93
Man GLG UK Income Fund	Investment Fund	2,929	2.63
BlackRock Gold & General Fund	Investment Fund	2,904	2.61
EF Brompton Global Opportunities Fund	Investment Fund	2,785	2.50
Liontrust Asia Income Fund	Investment Fund	2,768	2.49
MI Brompton UK Recovery Unit Trust	Investment Fund	2,746	2.47
Stewart Investors Indian Subcontinent Fund	Investment Fund	2,706	2.43
EF Brompton Global Equity Fund	Investment Fund	2,687	2.41
EF Brompton Global Growth Fund	Investment Fund	2,630	2.36
Trojan Income Fund	Investment Fund	2,384	2.14
		<u>78,607</u>	<u>70.58</u>
Balance not held in 20 investments above		<u>17,694</u>	<u>15.89</u>
Total investments (excluding cash)		96,301	86.47
Cash		15,027	13.49
Other net current assets		<u>38</u>	<u>0.04</u>
Net assets		<u><u>111,366</u></u>	<u><u>100.00</u></u>

The investment portfolio, excluding cash, can be further analysed as follows:

	£ '000
Investment funds	80,548
Investment companies and exchange traded funds	9,357
Unquoted investments, including interest bearing loans of £250,000	5,375
Other quoted investments	<u>1,021</u>
	<u><u>96,301</u></u>

STRATEGIC REVIEW

The Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30th June 2019. The Strategic Review should be read in conjunction with the Chairman's Statement and the Investment Manager's Report above, which provide a review of the year's investment activities of the Company and the outlook for the future.

STATUS

The Company is an investment company under section 833 of the Companies Act 2006. It is an Approved Company under the Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') and conducts its affairs in accordance with those Regulations so as to retain its status as an investment trust and maintain exemption from liability to United Kingdom capital gains tax.

The Company is a small registered Alternative Investment Fund Manager under the European Union Markets in Financial Instruments Directive.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company's investment objective is to achieve long-term capital growth.

Investment Policy

The Company's investment policy is to allocate assets to global investment opportunities through investment in equity, bond, commodity, real estate, currency and other markets. The Company's assets may have significant weightings to any one asset class or market, including cash.

The Company will invest in pooled investment vehicles, exchange traded funds, futures, options, limited partnerships and direct investments in relevant markets. The Company may invest up to 15% of its net assets in direct investments in relevant markets.

The Company will not follow any index with reference to asset classes, countries, sectors or stocks. Aggregate asset class exposure to any one of the United States, the United Kingdom, Europe ex UK, Asia ex Japan, Japan or Emerging Markets and to any individual industry sector will be limited to 50% of the Company's net assets, such values being assessed at the time of investment and for funds by reference to their published investment policy or, where appropriate, the underlying investment exposure.

The Company may invest up to 20% of its net assets in unlisted securities (excluding unquoted pooled investment vehicles) such values being assessed at the time of investment.

The Company will not invest more than 15% of its net assets in any single investment, such values being assessed at the time of investment.

Derivative instruments and forward foreign exchange contracts may be used for the purposes of efficient portfolio management and currency hedging. Derivatives may also be used outside of efficient portfolio management to meet the Company's investment objective. The Company may take outright short positions in relation to up to 30% of its net assets, with a limit on short sales of individual stocks of up to 5% of its net assets, such values being assessed at the time of investment.

The Company may borrow up to 30% of net assets for short-term funding or long-term investment purposes.

No more than 10%, in aggregate, of the value of the Company's total assets may be invested in other closed-ended investment funds except where such funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

Information on the Company's portfolio of assets with a view to spreading investment risk in accordance with its investment policy above.

FINANCIAL REVIEW

Net assets at 30th June 2019 amounted to £113,971,000 compared with £111,366,000 at 30th June 2018. In the year under review, the NAV per Ordinary share increased by 2.3% from 156.80p to 160.47p, after paying a dividend of 1.0p per share.

The Group's gross revenue rose to £2,239,000 (2018: £1,776,000). Last year the Company increased its investment in income focused funds resulting in an increase in gross income during the year under review. After deducting expenses and taxation the revenue profit for the year was £1,284,000 (2018: £831,000).

Total expenses for the year amounted to £1,364,000 (2018: £940,000), as a result of a performance fee becoming payable. In the year under review the investment management fee amounted to £688,000 (2018: £668,000). A performance fee of £410,000 was payable in respect of the year under review as the Company outperformed the cumulative hurdle rate. The performance fee has been allocated to the Capital account in accordance with the Company's accounting policy. At 30 June 2019 the Company's NAV was slightly above the hurdle rate NAV. Further details on the Company's expenses may be found in notes 3 and 4.

Dividends have not formed a central part of the Company's investment objective. The increased investment in income focused funds has enabled the Directors to declare an increased dividend. The Directors propose a final dividend of 1.40p per Ordinary share in respect of the year ended 30th June 2019 (2018: 1.0p). If approved at the Annual General Meeting, the dividend will be paid on 29th November 2019 to shareholders on the register at the close of business on 8th November 2019 (ex-dividend 7th November 2019).

The primary source of the Company's funding is shareholder funds.

While the future performance of the Company is dependent, to a large degree, on the performance of international financial markets, which in turn are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objective in accordance with the strategy outlined above. Further comments on the short-term outlook for the Company are set out in the Chairman's Statement and the Investment Manager's report above.

Throughout the year the Group's investments included seven funds managed by the Investment Manager (2018: seven). No investment management fees were payable directly by the Company in respect of these investments.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

In order to measure the success of the Company in meeting its objectives, and to evaluate the performance of the Investment Manager, the Directors review at each meeting: net asset value, income and expenditure, asset allocation and attribution, share price of the Company and the discount. The Directors take into account a number of different indicators as the Company does not have a formal benchmark, and performance against these is shown in the Financial Highlights.

Performance is discussed in the Chairman's Statement and Investment Manager's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks identified by the Board, and the steps the Board takes to mitigate them, are as follows:

Investment strategy

Inappropriate long-term strategy, asset allocation and fund selection could lead to underperformance. The Board discusses investment performance at each of its meetings and the Directors receive reports detailing asset allocation, investment selection and performance.

Business conditions and general economy

The Company's future performance is heavily dependent on the performance of different equity and currency markets. The Board cannot mitigate the risks arising from adverse market movements. However, diversification within the portfolio will reduce the impact. Further information is given in portfolio risks below.

Portfolio risks - market price, foreign currency and interest rate risks

The twenty largest investments are listed above. Investment returns will be influenced by interest rates, inflation, investor sentiment, availability/cost of credit and general economic and market conditions in the UK and globally. A significant proportion of the portfolio is in investments denominated in foreign currencies and movements in exchange rates could significantly affect their sterling value. The Investment Manager takes all these factors into account when making investment decisions but the Company does not normally hedge against foreign currency movements. The Board's policy is to hold a spread of investments in order to reduce the impact of the risks arising from the above factors by investing in a spread of asset classes and geographic regions.

Net asset value discount

The discount in the price at which the Company's shares trade to net asset value means that shareholders cannot realise the real underlying value of their investment. Over the last few years the Company's share price has been at a significant discount to the Company's net asset value. The Directors review regularly the level of discount, however given the investor base of the Company, the Board is very restricted in its ability to influence the discount to net asset value.

Investment Manager

The quality of the team employed by the Investment Manager is an important factor in delivering good performance and the loss of key staff could adversely affect returns. A representative of the Investment Manager attends each Board meeting and the Board is informed if any major changes to the investment team employed by the Investment Manager are proposed.

Tax and regulatory risks

A breach of The Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') could lead to capital gains realised within the portfolio becoming subject to UK capital gains tax. A breach of the UKLA Listing Rules could result in suspension of the Company's shares, while a breach of company law could lead to criminal proceedings, financial and/or reputational damage. The Board employs Brompton Asset Management LLP as Investment Manager, and Maitland Administration Services Limited as Secretary and Administrator, to help manage the Company's legal and regulatory obligations.

Operational

Disruption to, or failure of, the Investment Manager's or Administrator's accounting, dealing or payment systems, or the Custodian's records, could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.

The Directors confirm that they have carried out an assessment of the risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

VIABILITY STATEMENT

The assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities. Investment income exceeds annual expenditure and current liquid net assets cover current annual expenses for many years. Accordingly, the Company is of the opinion that it has adequate financial resources to continue in operational existence for the long term which is considered to be in excess of five years. Five years is considered a reasonable period for investors when making their investment decisions. In reaching this view the Directors reviewed the anticipated level of annual expenditure against the cash and liquid assets within the portfolio. The Directors have also considered the risks the Company faces.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

The Company has no employees, with day-to-day management and administration of the Company being delegated to the Investment Manager and the Administrator. The Company's portfolio is managed in accordance with the investment objective and policy; environmental, social and community matters are considered to the extent that they potentially impact on the Company's investment returns. Additionally, as the Company has no premises, properties or equipment, it has no carbon emissions to report on.

The Company has sought, wherever possible, and been provided with assurance from each of its main suppliers, that no slaves, forced labour, child labour, or labour employed at rates of pay below statutory minimums for the country of their operations, are being employed in the provision of services to the Company.

GENDER DIVERSITY

The Board of Directors comprises three male directors. The Board recognises the benefits of diversity, however, the Board's primary consideration when appointing new directors is their knowledge, experience and ability to make a positive contribution to the Board's decision making regardless of gender.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30TH JUNE 2019

		Year ended 30th June 2019			Year ended 30th June 2018		
		Revenue Return £ '000	Capital Return £ '000	Total £ '000	Revenue Return £ '000	Capital Return £ '000	Total £ '000
	<i>Notes</i>						
INVESTMENT INCOME	2	1,890	-	1,890	1,654	-	1,654
Other operating income	2	<u>349</u>	-	<u>349</u>	<u>122</u>	-	<u>122</u>
		2,239	-	2,239	1,776	-	1,776
GAINS AND LOSSES ON INVESTMENTS							
Gains on investments at fair value through profit or loss	9	-	1,992	1,992	-	6,218	6,218
Other exchange gains /(losses)		-	443	443	-	(176)	(176)
Trail rebates		-	5	5	-	5	5
		<u>2,239</u>	<u>2,440</u>	<u>4,679</u>	<u>1,776</u>	<u>6,047</u>	<u>7,823</u>
EXPENSES							
Management and performance fees	3	(688)	(410)	(1,098)	(668)	-	(668)
Other expenses	4	<u>(266)</u>	-	<u>(266)</u>	<u>(272)</u>	-	<u>(272)</u>
		<u>(954)</u>	<u>(410)</u>	<u>(1,364)</u>	<u>(940)</u>	-	<u>(940)</u>
PROFIT BEFORE TAX		1,285	2,031	3,315	836	6,047	6,883
Tax	5	-	-	-	(5)	-	(5)
PROFIT FOR THE YEAR		<u>1,285</u>	<u>2,031</u>	<u>3,315</u>	<u>831</u>	<u>6,047</u>	<u>6,878</u>
EARNINGS PER SHARE							
Ordinary shares (pence)	7	<u>1.81p</u>	<u>2.86p</u>	<u>4.67p</u>	<u>1.17p</u>	<u>8.51p</u>	<u>9.68p</u>

The total column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS, as adopted by the European Union. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations.

The Company did not have any income or expense that was not included in 'Profit for the year'. Accordingly, the 'Profit for the year' is also the 'Total comprehensive income for the year', as defined in IAS1 (revised) and no separate Statement of Comprehensive Income has been presented.

No operations were acquired or discontinued during the year.

All income is attributable to the equity holders of the parent company. There are no minority interests.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2019

	<i>Note</i>	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2018		710	21,573	56,908	32,175	111,366
Total comprehensive income for the year		-	-	-	3,315	3,315
Dividend paid	8	-	-	-	(710)	(710)
AT 30TH JUNE 2019		<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>34,780</u>	<u>113,971</u>

Included within Retained earnings were £1,687,000 of Company reserves available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2018

	<i>Note</i>	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2017		710	21,573	56,908	25,865	105,056
Total comprehensive income for the year		-	-	-	6,878	6,878
Dividend paid	8	-	-	-	(568)	(568)
AT 30TH JUNE 2018		<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>32,175</u>	<u>111,366</u>

Included within Retained earnings were £1,112,000 of Company reserves available for distribution.

CONSOLIDATED BALANCE SHEET AT 30TH JUNE 2019

	Notes	30th June 2019 £ '000	30th June 2018 £ '000
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	9	<u>93,782</u>	<u>96,301</u>
CURRENT ASSETS			
Other receivables	11	220	272
Cash and cash equivalents	12	<u>20,605</u>	<u>15,027</u>
		<u>20,825</u>	<u>15,299</u>
TOTAL ASSETS		114,607	111,600
CURRENT LIABILITIES			
Other payables	13	<u>(636)</u>	<u>(234)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		113,971	111,366
NET ASSETS		<u>113,971</u>	<u>111,366</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Called-up share capital	14	710	710
Share premium	15	21,573	21,573
Special reserve	15	56,908	56,908
Retained earnings	15	34,780	32,175
TOTAL EQUITY		<u>113,971</u>	<u>111,366</u>
NET ASSET VALUE PER ORDINARY SHARE	16	<u>160.47p</u>	<u>156.80p</u>

CONSOLIDATED CASH FLOW STATEMENTS AT 30TH JUNE 2019

		Year ended 30th June 2019 Group £ '000	Year ended 30th June 2018 Group £ '000
	Notes		
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,334	673
INVESTING ACTIVITIES			
Purchase of investments		(4,340)	(16,016)
Sale of investments		8,851	17,663
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		4,511	1,647
FINANCING			
Equity dividends paid	8	(710)	(568)
Amounts owed to subsidiary undertakings		-	-
NET CASH (OUTFLOW) AFTER FINANCING		(710)	(568)
INCREASE IN CASH		5,135	1,752
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH & CASH EQUIVALENTS			
Increase in cash resulting from cash flows		5,135	1,752
Exchange movements		443	(176)
Movement in net funds		5,578	1,576
Net funds at start of the year		15,027	13,451
CASH & CASH EQUIVALENTS AT END OF YEAR	17	20,605	15,027
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before finance costs and taxation*	2	3,315	6,883
Gains on investments		(1,992)	(6,218)
Exchange differences		(443)	176
Capital trail rebates		(5)	(5)
Net revenue gains before finance costs and taxation		875	836
Decrease/(increase) in debtors		43	(187)
Increase in creditors		402	24
Taxation		9	(5)
Capital trail rebates		5	5
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,334	673

*Includes dividends received in cash of £1,599,000 (£1,164,000), accumulation income of £278,000 (2018: £381,000) and interest received of £408,000 (2018: £42,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2018

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union.

These financial statements are presented in pounds sterling, the Group's functional currency, being the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

(a) *Basis of preparation:* The financial statements have been prepared on a going concern basis. The principal accounting policies adopted are set out below.

Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 with consequential amendments is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) *Basis of consolidation:* The consolidated financial statements include the accounts of the Company and its subsidiary made up to 30th June 2019. No statement of comprehensive income is presented for the parent company as permitted by Section 408 of the Companies Act 2006.

The parent company is an investment entity as defined by IFRS 10 and assets are held at their fair value. The consolidated accounts include subsidiaries which are an integral part of the Group and not investee companies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. Subsidiaries are valued at fair value, which is considered to be their NAV in the accounts of the Company.

(c) *Presentation of Statement of Comprehensive Income:* In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the consolidated statement of comprehensive income between items of a revenue and capital nature has been presented alongside the consolidated statement of comprehensive income.

In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of a dividend. Additionally, the net revenue profit is the measure the Directors believe is appropriate in assessing the Group's compliance with certain requirements set out in the Investment Trust (Approved Company) (Tax) Regulations 2011.

- (d) *Use of estimates:* The preparation of financial statements requires the Group to make estimates and assumptions that affect items reported in the consolidated and company balance sheets and consolidated statement of comprehensive income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Group's actual results may ultimately differ from those estimates, possibly significantly. The most significant estimate relates to the valuation of unquoted investments.
- (e) *Revenue:* Dividends and other such revenue distributions from investments are credited to the revenue column of the consolidated statement of comprehensive income on the day in which they are quoted ex-dividend. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash and the amount of the cash dividend is recognised as income, any excess in the value of the shares received over the amount recognised is credited to the capital reserve. Deemed revenue from offshore funds is credited to the revenue account. Interest on fixed interest securities and deposits is accounted for on an interest rate basis.
- (f) *Expenses:* Expenses are accounted for on an accruals basis. Management fees, administration and other expenses, with the exception of transaction charges, are charged to the revenue column of the consolidated statement of comprehensive income. Performance fees and transaction charges are charged to the capital column of the consolidated statement of comprehensive income.
- (g) *Investments held at fair value:* Purchases and sales of investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All investments are classified as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in OEICs are valued at the bid price for dual priced funds, or single price for non-dual priced funds, released by the relevant investment manager. Unquoted investments are valued by the Directors at the balance sheet date based on recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines such as dealing prices or third party valuations where available, net asset values and other information as appropriate.

- (h) *Taxation:* The charge for taxation is based on taxable income for the year. Withholding tax deducted from income received is treated as part of the taxation charge against income. Taxation deferred or accelerated can arise due to temporary differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation under the liability method on all temporary differences not reversed by the Balance Sheet date. No deferred tax provision is made against deemed reporting offshore funds. Deferred tax assets are only recognised when there is more likelihood than not that there will be suitable profits against which they can be applied.
- (i) *Foreign currency:* Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange applicable at the transaction date. Exchange gains and losses are taken to the revenue or capital column of the consolidated statement of comprehensive income depending on the nature of the underlying item.

(j) *Capital reserve*: The following are accounted for in this reserve:

- gains and losses on the realisation of investments together with the related taxation effect;
- foreign exchange gains and losses on capital transactions, including those on settlement, together with the related taxation effect;
- revaluation gains and losses on investments;
- performance fees payable to the investment manager; and
- trail rebates received from the managers of the Company's investments.

The capital reserve is not available for the payment of dividends.

(k) *Revenue reserve*: This reserve includes net revenue recognised in the revenue column of the Statement of Comprehensive Income.

(l) *Special reserve*: The special reserve can be used to finance the redemption and/or purchase of shares in issue.

(m) *Cash and cash equivalents*: Cash and cash equivalents comprise current deposits and balances with banks. Cash and cash equivalents may be held for the purpose of either asset allocation or managing liquidity.

(n) *Dividends payable*: Dividends are recognised from the date on which they are irrevocably committed to payment.

(o) *Segmental Reporting*: The Directors consider that the Group is engaged in a single segment of business with the primary objective of investing in securities to generate long term capital growth for its shareholders. Consequently no business segmental analysis is provided.

(p) *New standards, amendments to standards and interpretations effective for annual accounting periods beginning after 1 July 2018*:

The following amendments to standards effective this year, being relevant and applicable to the Company, have been adopted, although they have no impact on the financial statements:

- IFRS 7 Financial Instruments: disclosures for initial application of IFRS 9 – effective 1 January 2016 or when IFRS 9 is first applied
- IFRS 9 Financial Instruments – effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers – effective 1 January 2018

(q) *Accounting standards issued but not yet effective*: There are no standards or amendments to standards not yet effective that are relevant to the Group and should be disclosed.

2. INVESTMENT INCOME

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
INCOME FROM INVESTMENTS		
UK net dividend income	1,691	1,481
Unfranked investment income	199	173
	<u>1,890</u>	<u>1,654</u>
OTHER OPERATING INCOME		
Bank interest receivable	336	111
Loan interest income	13	11
	<u>349</u>	<u>122</u>
TOTAL INCOME COMPRISES		
Dividends	1,890	1,654
Other income	349	122
	<u>2,239</u>	<u>1,776</u>

The above dividend and interest income has been included in the profit before finance costs and taxation included in the cash flow statements.

3. MANAGEMENT FEES

	Year ended 30th June 2019			Year ended 30th June 2018		
	Revenue £ '000	Capital £ '000	Total £ '000	Revenue £ '000	Capital £ '000	Total £ '000
Investment management fee	688	-	688	668	-	668
Performance fee	-	410	410	-	-	-
	<u>688</u>	<u>410</u>	<u>1,098</u>	<u>668</u>	<u>-</u>	<u>668</u>

At 30th June 2019 there were amounts accrued of £177,000 (2018: £173,000) for investment management fees and £410,000 (2018: £nil) for performance fees.

4. OTHER EXPENSES

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
Directors' remuneration	50	48
Administrative and secretarial fee	95	94
Auditors' remuneration		
- Audit	32	31
- Interim review	8	8
Taxation compliance services	7	-
Other	74	91
	<u>266</u>	<u>272</u>
Allocated to:		
- Revenue	266	272
- Capital	-	-
	<u>266</u>	<u>272</u>

5. TAXATION

(a) Analysis of tax charge for the year:

	Year ended 30th June 2019			Year ended 30th June 2018		
	Revenue Return £ '000	Capital Return £ '000	Total £ '000	Revenue Return £ '000	Capital Return £ '000	Total £ '000
Overseas tax	3	-	3	17	-	17
Recoverable income tax	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Total current tax for the year	-	-	-	5	-	5
Deferred tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax for the year (note 5b)	-	-	-	5	-	5

(b) Factors affecting tax charge for the year:

The charge for the year of £nil (2018: £5,000) can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
Total profit before tax	<u>3,315</u>	<u>6,883</u>
Theoretical tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	630	1,307
Effects of:		
Non-taxable UK dividend income	(321)	(281)
Gains and losses on investments that are not taxable	(463)	(1,148)
Excess expenses not utilised	154	138
Overseas dividends which are not taxable	-	(16)
Overseas tax	3	17
Recoverable income tax	<u>(3)</u>	<u>(12)</u>
Total tax for the year	<u>-</u>	<u>5</u>

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments.

There is no deferred tax (2018: £nil) in the capital account of the Company. There is no deferred tax charge in the revenue account (2018: £nil).

At the year-end there is an unrecognised deferred tax asset of £520,000 (2018: £478,000) based on the enacted tax rates of 17% for financial years beginning 1 April 2020, as a result of excess expenses.

6. COMPANY RETURN FOR THE YEAR

The Company's total return for the year was £3,315,000 (2018: £6,878,000).

7. RETURN PER ORDINARY SHARE

Total return per Ordinary share is based on the Group total return on ordinary activities after taxation of £3,315,000 (2018: £6,878,000) and on 71,023,695 (2018: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Revenue return per Ordinary share is based on the Group revenue profit on ordinary activities after taxation of £1,285,000 (2018: £831,000) and on 71,023,695 (2018: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on net capital gains for the year of £2,031,000 (2018: £6,047,000) and on 71,023,695 (2018: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

8. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions in the year:

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
Dividends paid during the year	<u>710</u>	<u>568</u>
Dividends payable in respect of the year ended: 30th June 2019: 1.4p (2018: 1.0p) per share	<u>994</u>	<u>710</u>

It is proposed that a dividend of 1.4p per share will be paid in respect of the current financial year.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
GROUP AND COMPANY	<u>93,782</u>	<u>96,301</u>

ANALYSIS OF INVESTMENT PORTFOLIO – GROUP AND COMPANY

	Quoted* £ '000	Unquoted £ '000	Total £ '000
Opening book cost	61,574	7,582	69,156
Opening investment holding gains/(losses)	<u>29,351</u>	<u>(2,206)</u>	<u>27,145</u>
Opening valuation	90,925	5,376	96,301
Movement in period			
Purchases at cost	3,224	1,116	4,340
Sales			
- Proceeds	(8,601)	(250)	(8,851)
- Realised gains on sales	4,175	-	4,175
Movement in investment holding gains for the year	<u>(3,327)</u>	<u>1,144</u>	<u>(2,183)</u>
Closing valuation	<u>86,396</u>	<u>7,386</u>	<u>93,782</u>
Closing book cost	60,372	8,448	68,820
Closing investment holding gains/(losses)	<u>26,024</u>	<u>(1,062)</u>	<u>24,962</u>
Closing valuation	<u>86,396</u>	<u>7,386</u>	<u>93,782</u>

* Quoted investments include unit trust and OEIC funds and one monthly priced fund.

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
ANALYSIS OF CAPITAL GAINS AND LOSSES		
Realised gains on sales of investments	4,175	7,457
(Decrease)/Increase in investment holding gains	<u>(2,183)</u>	<u>(1,239)</u>
Net gains on investments attributable to ordinary shareholders	<u>1,992</u>	<u>6,218</u>

Transaction costs

The purchase and sale proceeds figures above include transaction costs on purchases of £3,260 (2018: £8,870) and on sales of £638 (2018: £626).

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

The Company owns the whole of the issued share capital (£1) of JIT Securities Limited, a company registered in England and Wales.

The financial position of the subsidiary is summarised as follows:

	Year ended 30th June 2019 £ '000	Year ended 30th June 2018 £ '000
Net assets brought forward	506	504
Profit for year	-	2
Net assets carried forward	<u>506</u>	<u>506</u>

11. OTHER RECEIVABLES

	30th June 2019 Group £ '000	30th June 2018 Group £ '000
Prepayments and accrued income	214	257
Taxation	6	15
Amounts owed by subsidiary undertakings	-	-
	<u>220</u>	<u>272</u>

12. CASH AND CASH EQUIVALENTS

	30th June 2019 Group £ '000	30th June 2018 Group £ '000
Cash at bank and on deposit	<u>20,605</u>	<u>15,027</u>

13. OTHER PAYABLES

	30th June 2019 Group £ '000	30th June 2018 Group £ '000
Accruals	636	234
Amounts owed to subsidiary undertakings	-	-
	<u>636</u>	<u>234</u>

14. CALLED UP SHARE CAPITAL

	30th June 2019 £ '000	30th June 2018 £ '000
Authorised 305,000,000 (2018: 305,000,000) Ordinary shares of £0.01 each	<u>3,050</u>	<u>3,050</u>
Issued and fully paid 71,023,695 (2018: 71,023,695) Ordinary shares of £0.01 each	<u>710</u>	<u>710</u>

15. RESERVES

	Share Premium account £ '000	Special Reserve £ '000	Retained earnings £ '000
GROUP			
At 30th June 2018	21,573	56,908	32,175
Decrease in investment holding gains	-	-	(2,183)
Net gains on realisation of investments	-	-	4,175
Gains on foreign currency	-	-	443
Performance fee	-	-	(410)
Trail rebates	-	-	5
Retained revenue profit for year	-	-	1,285
Dividend paid			(710)
At 30th June 2019	<u>21,573</u>	<u>56,908</u>	<u>34,780</u>

The components of retained earnings are set out below:

	30th June 2019 £ '000	30th June 2018 £ '000
GROUP		
Capital reserve - realised	7,977	3,764
Capital reserve - revaluation	24,962	27,145
Revenue reserve	1,841	1,266
	<u>34,780</u>	<u>32,175</u>
COMPANY		
Capital reserve - realised	7,625	3,412
Capital reserve - revaluation	25,468	27,651
Revenue reserve	1,687	1,112
	<u>34,780</u>	<u>32,175</u>

16. NET ASSET VALUE PER ORDINARY SHARE⁷

The net asset value per Ordinary share is calculated on net assets of £113,971,000 (2018: £111,366,000) and 71,023,695 (2018: 71,023,695) Ordinary shares in issue at the year end.

17. ANALYSIS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	At 1st July 2018 £ '000	Cash flow	Exchange movement	At 30th June 2019 £ '000
GROUP				
Cash at bank and on deposit	<u>15,027</u>	<u>5,135</u>	<u>443</u>	<u>20,605</u>

18. FINANCIAL INFORMATION

2019 Financial information

The figures and financial information for 2019 are unaudited and do not constitute the statutory accounts for the year. The preliminary statement has been agreed with the Company's auditors and the Company is not aware of any likely modification to the auditor's report required to be included with the annual report and accounts for the year ended 30th June 2019.

2018 Financial information

The figures and financial information for 2018 are extracted from the published Annual Report and Accounts for the year ended 30th June 2018 and do not constitute the statutory accounts for that year. The Annual Report and Accounts (available on the Company's website www.nsitplc.com) has been delivered to the Registrar of Companies and includes the Report and Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Annual Report and Accounts

The accounts for the year ended 30th June 2019 will be sent to shareholders in October 2019 and will be available on the Company's website or in hard copy format at the Company's registered office, 1 Knightsbridge Green, London SW1X 7QA.

The Annual General Meeting of the Company will be held on 14th November 2019 at 11.00am at 1 Knightsbridge Green, London SW1X 7QA.

27th September 2019